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August 21, 2006

VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-36

Dear Ms. Cottrell:

Enclosed please find the First Set of Information Requests of Bay State Gas Company to Amerada Hess, Inc., in the above referenced proceeding.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

Patricia M. French

cc: Julie Howley Westwater, Esq., Hearing Officer  
Jamie M. Tosches, Esq., Office of the Attorney General  
Service List (Electronic Service per the Ground Rules)

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

BAY STATE GAS COMPANY

D.T.E. 06-36

**FIRST SET OF INFORMATION REQUESTS OF  
BAY STATE GAS COMPANY TO AMERADA HESS, INC.**

Pursuant to 220 C.M.R. 1.06(b)(c), Bay State Gas Company (“BSG”) submits to Amerada Hess, Inc. (“Hess”), and its expert witness, Rebecca Bachelder, the following first set of information requests.

**I. DEFINITIONS AND INSTRUCTIONS**

1. Provide each numbered response separately and identify thereon the respondent(s) responsible for both the preparation of the response and the witness that will support the response at the time of hearing.
2. Attachments, such as documents and writings, produced pursuant to these requests should identify the individual request and the witness responsible for the request to which they are responsive.
3. The terms “you” and “yours” mean Hess, its counsel, employees and agents, or any of its consultants and/or witnesses in this or any other proceeding.
4. The term “document” and “documents” includes all materials, as described herein, which are in your possession, custody or control, regardless of the identity of the preparer and the present location of the document. The term “document” also includes, but is not limited to, correspondence, financial records, business records, reports, books, pamphlets, periodicals, newspapers and magazines and other publications and clippings therefrom, price lists, advertisements, contracts and other agreements and memoranda of understanding, promissory notes, guarantees and other instruments, diaries, blueprints, papers, notes, memoranda, prints, sketches, indices, tapes, video tapes, data processing cards, and all other writings, drawings, graphs, charts, photographs, phono-records, other data compilations from which information can be obtained, any other tangible item upon which information is recorded, and any drafts of any of the foregoing..

5. The term “communication” means any discussion, conversation, negotiation, correspondence, publication, broadcast, conference, meeting, contact or other disclosure, transfer or exchange of information, either written or oral, and includes each document that in any manner records or memorializes such communication.
6. The term “relating to” any given subject means constituting, ascertaining, embodying, reflecting, identifying, stating, concerning, mentioning, referring to, dealing with or in any way pertaining to the subject.
7. The term “or” or means “and”. The term “and” as used herein also means “or”. The terms “and” and “or” shall be construed disjunctively or conjunctively so as to bring within the scope of this set of discovery requests all matters that might otherwise be construed to be outside is scope.
8. The terms “each”, “all” or “any” also mean every.
9. The terms “person” or “persons” include any individual or group of individuals, corporation, partnership, joint venture, form, association, proprietorship, agency, board, authority, commission or other entity.
10. In answering these requests, words used in the singular number shall include the plural number and words used in the plural number shall refer to the singular number as well.
11. If in answering the requests, you encounter any ambiguity in a definition or instruction, or within any of the requests for production of documents, you are instructed to telephone counsel for the Company promptly to identify your concerns and set forth the matter deemed ambiguous, and set forth the construction chosen or used in answering.
12. In the event that you object to responding or to producing any documents requested, state the precise ground(s) for the objection separately as to each discovery request.
13. With respect to any document responsive to the requests that is withheld from production on the ground that the document or any of its contents is privileged or otherwise not subject to production, please provide a statement which describes each such document and state with respect to each such document:
  - (i) its author;
  - (ii) its date;
  - (iii) a generic description of the document (i.e., letter report, memorandum);
  - (iv) the subject matter of the document; and
  - (v) the privilege asserted or other alleged ground for non-production of the document.

14. As to each part or parts of these requests to which you state that you are incapable of answering, state separately and precisely why you are incapable of producing the document, and state precisely what attempts you have made to obtain the document(s) requested and the results of your efforts.
15. If any responsive document was in your possession, custody or control but has been disposed of, lost, discarded or destroyed, please identify each such document, specifying its author, addressee, date, subject matter, and describe the contents of the document.
16. Terms not defined herein shall be given their ordinary meaning.
17. The terms “Bay State” or “the Company” shall refer to the applicant before the Department in this proceeding.
18. The term “Department” shall refer to the Department of Telecommunications and Energy.
19. For the purposes of these requests, the terms “Supplier” and “marketer” are interchangeable.
20. These requests shall be deemed continuing so as to require further supplemental responses if you receive or generate additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.

## **II. FIRST SET OF INFORMATION REQUESTS OF HESS**

- BSG-HESS-1 Please refer to the Testimony of Rebecca Bachelder (“Bachelder Testimony”) at p. 5 and p.14. How does Bay State’s ability to estimate Non-Daily Metered customers’ usage, i.e., their adjusted target volumes (“ATV”), impact Supplier’s Daily Metered overtake that were analyzed to support the reliability planning standard of 30% of grandfathered (“GF”) design day requirement? If there is no connection, please so state.
- BSG-HESS-2 Please refer to the Bachelder Testimony at p. 5. Given either that (1) customers that have annual use 250,000 therms or more (Extra Large Volume) must take Daily Metered service in accordance with the Company’s Distribution and Default Service Terms and Conditions (“T&C’s”), or (2) Suppliers choose to enroll smaller use customers on Daily Metered service:.
- (a) Please identify who is ultimately responsible to estimate Daily Metered customers’ daily use;

- (b) Please explain how Suppliers attempt to develop and maintain the capability of accurately estimating the daily use of Daily Metered customers; and
- (c) What is your understanding of the LDC's required role in facilitating the estimation of the daily use of Daily Metered customers.

- BSG-HESS-3 Please refer to the Bachelder Testimony at p. 9, 10. (a) Please explain why a GF customer overtake experienced on a non- operational flow order ("OFO") day does not demonstrate that such an overtake could occur on any day, including an OFO day. (b) Are Suppliers more likely to experience upstream delivery constraints on days when the Company issues an OFO than on any non-OFO days? Please explain in detail.
- BSG-HESS-4 Please refer to the Bachelder Testimony at p. 11 – 12. (a) Please explain why an LDC, such as Bay State, should conclude that the identity, characteristics and number of Suppliers doing business in Massachusetts have stabilized based on the history of Suppliers dropping off and coming on BSG's system throughout the past 10 years? (b) Provide evidence that would support a claim that the marketplace will not continue to experience Suppliers exiting Bay State's service territory for a variety of reasons, including (a) change of business plans, (b) merging with or acquiring another Supplier, or (c) dissolving its business.
- BSG-HESS-5 Are you aware of any marketers who have left the market since the year 2000 who did not sell their book to a competitor, but returned their grandfathered customers to LDC bundled sales service? If so, how many marketers returned grandfathered customers to bundled sales service.
- BSG-HESS-6 Please refer to the Bachelder Testimony at p. 11 – 12. Accept the premise that one can expect Bay State to experience the current limited number of Suppliers (totaling seven) to continue doing business behind its system. Please explain whether there is a greater system reliability risk associated with one Supplier failing to deliver at the present time as compared to the risk posed a few years ago, of one Supplier failing to deliver, when the Company had almost double the number of Suppliers doing business on its system.
- BSG-HESS-7 Please refer to the Bachelder Testimony at p. 7. Hess witness Bachelder states that BSG is not required [by the Department] to plan for GF customers. Please explain in detail your understanding of the Department's policy of an LDC obligation, or its expectation of an LDC, to serve "Essential Needs" customers, irrespective of their capacity assignment status.
- BSG-HESS-8 Please refer to the Bachelder Testimony at p. 13 -14. Please specifically explain how each of the five process improvements you propose would reduce grandfathered overtakes.
- BSG-HESS-9 How does Hess or its witness, Ms. Bachelder, suggest revising Bay State's intraday nomination provisions in its Distribution and Default Service T&Cs

to allow the Company to monitor and act on Supplier under-deliveries at critical times of the day that threaten system reliability?

- BSG-HESS-10 Please refer to the Bachelder Testimony at p. 14 & 15. How could real-time metering (and remote shut-off controls) be utilized to avoid the system reliability consequences caused by GF overtakes in the course of a Critical or OFO Day?
- BSG-HESS-11 Please refer to the Bachelder Testimony at p. 17. Given that BSG's proposal addresses the risk imposed on its system in the event of any GF customer overtake on a Critical Day, how could any rate design distinguish between GF customers **before** such an overtake occurs?
- BSG-HESS-12 Please describe how Hess would avoid under-deliveries to its GF customers in the event of an upstream pipeline disruption.
- BSG-HESS-13 Reference Ms. Bachelder's testimony at page 1, lines 7-9. Please provide support for the statement that "Hess is a leading total retail energy provider in the Eastern United States".
- BSG-HESS-14 Reference Ms. Bachelder's testimony at page 1, lines 15-16. Please provide support for the statement that "Hess is one of the largest suppliers in New England". Is it Ms. Bachelder's contention that Hess is one of the largest suppliers of retail natural gas services? If so, please support this aspect of Ms. Bachelder's statement.
- BSG-HESS-15 Please provide a complete list of LDCs where Hess serves retail natural gas customers.
- BSG-HESS-16 For each LDC identified in the response to BSG-HESS-15, please provide the following information for each year beginning 2003:
- i) the number of customers served;
  - ii) the total annual load served; and
  - iii) the aggregate MDQ or other measure of peak usage of customers served.
- BSG-HESS-17 For each MA LDC identified in the response to BSG-HESS-15, please provide the following information for grandfathered customers for each year beginning 2003:
- i) the number of customers served;
  - ii) the total annual load served; and
  - iii) the aggregate MDQ or other measure of peak usage of customers served.
- BSG-HESS-18 For each Bay State customer served by Hess, please provide the following:

- i) Bay State customer account no.;
- ii) initial length of contract;
- iii) date at which the customer can currently cease taking service from Hess without incurring any termination penalty.

- BSG-HESS-19 Reference Ms. Bachelder's testimony at page 1, lines 14-15. Please provide a detailed description of all gas supply wholesale services provided by Hess to its retail arm. Are these gas supply services provided pursuant to a contractual agreement between the wholesale and retail affiliates. Please describe any gas supply performance guarantees provided to the retail affiliate serving Bay State's customers.
- BSG-HESS-20 Reference Ms. Bachelder's testimony at page 1, lines 14-15. Does the retail affiliate serving Bay State's customers acquire gas supply services from any entity other than an affiliated Company? If so, please describe the services acquired from other entities including the total contract quantity for each service.
- BSG-HESS-21 How would Ms. Bachelder estimate the economic impact of a single day system outage on Bay State's system. Specifically address the economic impacts to each of the following entities:
- i) Non-essential needs C&I customers that experienced load loss;
  - ii) Essential needs C&I customers that experienced load loss;
  - iii) Residential customers that experienced load loss;
  - iv) Marketers serving customers that experienced load loss;
  - v) The economy of Massachusetts; and
  - vi) Bay State Gas.
- BSG-HESS-22 Please explain whether Ms. Bachelder considered the implications of system load loss on Bay State's system in preparing her recommendations. If so, please explain in detail how potential system load loss attributable to Grandfathered customer overtake was considered by Ms. Bachelder. If not, why not?
- BSG-HESS-23 Reference Ms. Bachelder's testimony at page 5, lines 5-10. Please explain how forecasting errors associated with non-daily metered customers affect imbalances associated with daily metered customers.
- BSG-HESS-24 Please describe in detail Ms. Bachelder's understanding of how Bay State reflects in its resource planning its responsibility to manage the differences between actual non-daily-metered consumption and ATVs, using forecasted degree-day data, on a daily basis.
- BSG-HESS-25 Please explain the respective responsibilities of Bay State Gas and suppliers to estimate usage for daily metered customers. Note any distinctions between grandfathered and non-grandfathered daily-metered customers.

- BSG-HESS-26 Please describe in detail the “significant adjustments” noted on page 5, line 20 of Ms. Bachelder’s testimony. Please note whether each “significant adjustment” was implemented by Hess. Please also describe whether each “significant adjustment” was implemented by other marketers serving Bay State customers and any support for the actions of other marketers.
- BSG-HESS-27 Please describe in detail any restrictions related to potential modifications to Hess’ current business plan or strategy of serving Bay State customers.
- BSG-HESS-28 Please describe in detail any restrictions related to potential modifications to current business plans or strategies of other marketers (other than Hess) serving Bay State customers.
- BSG-HESS-29 Please describe in detail any restrictions upon Hess related to potential modifications to its current business plan or strategy of acquiring wholesale services from its affiliate.
- BSG-HESS-30 Please describe in detail any restrictions upon other marketers, other than Hess, related to potential modifications to their current business plans or strategies of acquiring gas supplies to serve Bay State customers.
- BSG-HESS-31 Reference Ms. Bachelder’s testimony at page 5, line 21 through page 6, line 1. Would Ms. Bachelder modify her recommendations in any way to ensure system reliability, had Bay State experienced operational problems on any of the referenced days including loss of system load?
- BSG-HESS-32 Reference Ms. Bachelder’s testimony at page 5, line 21 through page 6, line 1. Please describe Ms. Bachelder’s understanding of how Bay State was able to avoid operational problems on each of the referenced days?
- BSG-HESS-33 In the event that Bay State experienced a loss of load on its system on a day that it experienced grandfathered customer overtakes, what payments would grandfathered customers and their marketers be responsible to pay Bay State pursuant to Bay State’s tariff?
- BSG-HESS-34 Please explain in detail the operational differences for Bay State Gas on OFO and non-OFO days.
- BSG-HESS-35 Please explain in detail the operational differences for Hess on OFO and non-OFO days.
- BSG-HESS-36 For each pipeline serving the New England region, please indicate whether daily imbalances are calculated as a percentage of nominated volumes or percentage of a shipper’s contract MDQ.
- BSG-HESS-37 Please describe in detail Ms. Bachelder’s understanding of how Tennessee Gas Pipeline and Algonquin Gas Transmission schedule their system. Please address the circumstance when an entity nominates less than its full MDQ.



- BSG-HESS-38 Reference Ms. Bachelder’s testimony at page 6, lines 13-18. Please provide the basis for the statement that the reserve would “only need to be in place during the peak 10 to 20 days of the year”. Provide all supporting analyses and other documentation related to this statement.
- BSG-HESS-39 Reference Ms. Bachelder’s testimony at page 6, lines 13-18. Please describe what Ms. Bachelder means by the phrase “if Bay State’s firm capacity is fully subscribed”. How would such a condition be determined?
- BSG-HESS-40 In Ms. Bachelder’s opinion, would it be more appropriate for Bay State to acquire resources to satisfy the reserve for grandfathered customers independently or on an integrated basis with Bay State’s other requirements? Please explain the basis for the response.
- BSG-HESS-41 Reference Ms. Bachelder’s testimony at page 7, lines 3-7. Under what conditions would Ms. Bachelder recommend that a customer lose its Grandfathered status?
- BSG-HESS-42 Reference Ms. Bachelder’s testimony at page 7, lines 3-7. Describe in detail the benefits to customers of Grandfathered status. Describe separately the benefits to suppliers serving Grandfathered customers.
- BSG-HESS-43 Please provide all documentation, reports, and studies supporting Ms. Bachelder’s assertion that “marketers have developed the expertise necessary to deliver reliably on Bay State’s system”. Specifically indicate which marketers serving customers on Bay State’s system does Ms. Bachelder’s statement apply to.
- BSG-HESS-44 Please provide Ms. Bachelder’s estimate of the probability that grandfathered customers overtake the following percentages on a design day with 95% confidence and provide the basis for the derivation of such estimates: i) 30%, ii) 25%, iii) 20%, iv) 10%, v) 5%.
- BSG-HESS-45 Please provide all documentation, reports and studies supporting Ms. Bachelder’s contention that a reduction in the number of marketers serving Bay State’s customers results in a concurrent stabilization in reliability.
- BSG-HESS-46 Reference page 14 line 21 through page 15 line 10. Is Ms. Bachelder recommending that metering options include flow-control? If not, how would Bay State satisfy the Department’s directive in D.T.E. 02-75A to shutoff grandfathered customers that exceed their TCQs? If yes, please describe in detail all necessary protocols and requirements that must be satisfied prior to shutting off a customer, as well as any required tariff changes.
- BSG-HESS-47 Please explain in detail how Ms. Bachelder’s proposals address the operational risks posed by the unauthorized taking of gas.

- BSG-HESS-48 Please refer to Bachelder Testimony at p. 5, lines 8-9, what is the breakout of the design day and annual load of Hess' grandfathered and non-grandfathered daily metered customers?
- BSG-HESS-49 How does a supplier's access to Bay State's on-system no-notice LNG and propane resources, affect their ability to better meet changing requirements of their non-grandfathered daily metered customers?
- BSG-HESS-50 In your opinion, if Bay State did not receive any nominations from marketers for its pool of customers, should it wait until the last nomination deadline (6:00 P.M. CT) on the upstream pipeline before taking any action to make up for this imbalance or should Bay State wait? Assuming that Bay State waits for final intra-day cycle nominations, and retail marketers have not cured their under-delivery at that time, what resources, if any, do you feel would be available to Bay State in the upstream market? Given that no more than 12 hours remains in the Gas Day, would these resources be sufficient to satisfy these grandfathered customers' total firm requirements? If not, how should Bay State ensure reliability of service to all of its customers?
- BSG-HESS-51 In your opinion, do retail marketers plan on meeting the design day requirements of their pool of customers? Is there a distinction between planning for grandfathered and non-grandfathered daily metered customers? If not, why not? What is the design day standard used by marketers to meet their firm requirements, e.g. 1 in 25 years, 1 in 33 years, etc.?
- BSG-HESS-52 Does Hess rely on the ability to trade imbalances pursuant to Bay State's Tariff to avoid any daily metered under-deliveries? If so, to what extent. What assurances does Hess have that other retail marketers will over-deliver, helping to off-set any under-deliveries by Hess?
- BSG-HESS-53 Has Hess under-delivered by more than 30% for its daily metered pool on any day prior to entering into any imbalance trades? If so, please list these days and imbalance percentages.

DATED: August 21, 2006